

# JUNIPER NETWORKS INC

## FORM 8-K

(Current report filing)

Filed 04/19/05 for the Period Ending 04/19/05

|             |  |
|-------------|--|
| Address     | 1133 INNOVATION WAY<br>SUNNYVALE, CA 94089 |
| Telephone   | 4087452000                                 |
| CIK         | 0001043604                                 |
| Symbol      | JNPR                                       |
| SIC Code    | 3576 - Computer Communications Equipment   |
| Industry    | Communications Equipment                   |
| Sector      | Technology                                 |
| Fiscal Year | 12/31                                      |

# JUNIPER NETWORKS INC

## FORM 8-K

(Unscheduled Material Events)

Filed 4/19/2005 For Period Ending 4/19/2005

|             |  |
|-------------|--|
| Address     | 1194 NORTH MATHILDA AVE<br>SUNNYVALE, California 94089 |
| Telephone   | 650-526-8000   |
| CIK         | 0001043604   |
| Industry    | Communications Equipment                               |
| Sector      | Technology   |
| Fiscal Year | 12/31  |

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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of Earliest Event Reported):

April 19, 2005

Juniper Networks, Inc.

(Exact name of registrant as specified in its charter)

Delaware

000-26339

770422528

(State or other jurisdiction  
of incorporation)

(Commission  
File Number)

(I.R.S. Employer  
Identification No.)

1194 North Mathilda Avenue, Sunnyvale,  
California

94089

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code:

(408) 745-2000

Not Applicable

Former name or former address, if changed since last report

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

**Item 2.02. Results of Operations and Financial Condition.**

On April 19, 2005, Juniper Networks, Inc. ("Juniper Networks") issued a press release and held a conference call regarding its financial results for the quarter ending March 31, 2005. A copy of the press release is furnished as Exhibit 99.1 to this report and is incorporated by reference herein. The information in this report shall be deemed incorporated by reference into any registration statement heretofore or hereafter filed under the Securities Act of 1933, as amended, except to the extent that such information is superceded by information as of a subsequent date that is included in or incorporated by reference into such registration statement. The information in this report shall not be treated as filed for purposes of the Securities Exchange Act of 1934, as amended.

**Item 9.01. Financial Statements and Exhibits.**

(c) Exhibits

Exhibit No. Description

99.1 Press Release issued by Juniper Networks on April 19, 2005

Use of Non-GAAP Financial Information

To supplement our consolidated financial statements presented in accordance with GAAP, Juniper Networks uses non-GAAP measures of operating results, net income and earnings per share, which are adjusted from results based on GAAP to exclude certain expense and income items. These non-GAAP adjustments are provided to enhance the user's overall understanding of our current financial performance and our prospects for the future. Specifically, we believe the non-GAAP results provide useful information to both management and investors by excluding certain expense and income items that we believe are not indicative of our core operating results. In addition, since we have historically reported non-GAAP results to the investment community, we believe the inclusion of non-GAAP numbers provides consistency in our financial reporting. Further, these non-GAAP results are one of the primary indicators management uses for planning and forecasting in future periods. The presentation of this additional information is not meant to be considered in isolation or as a substitute for results prepared in accordance with accounting principles generally accepted in the United States.

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

*April 19, 2005*

Juniper Networks, Inc.

By: *Mitchell Gaynor*

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*Name: Mitchell Gaynor*

*Title: Vice President and General Counsel*

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Exhibit Index

| Exhibit No. | Description  |
|-------------|--|
| 99.1        | Press Release issued by Juniper Networks on April 19, 2005 |

**Investor Relations Contact:**  
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**Juniper Networks, Inc. Reports Q1'05 Financial Results**  
**Q1'05 Net Revenue \$449.1M; GAAP EPS \$0.13; Non-GAAP EPS \$0.16**

Sunnyvale, CA – April 19, 2005 — Juniper Networks, Inc. (NASDAQ: JNPR) today reported its results for the quarter ended March 31, 2005.

Net revenues for the quarter were \$449.1 million, compared to \$224.1 million for the same period last year, an increase of 100%.

GAAP net income for the quarter was \$75.4 million or \$0.13 per share, compared to a GAAP net income of \$33.5 million or \$0.08 per share in the first quarter of 2004. Non-GAAP net income was \$91.9 million or \$0.16 per share, compared to non-GAAP net income of \$36.4 million or \$0.08 per share in the first quarter of 2004. See the table at the bottom of the Non-GAAP Condensed Consolidated Statements of Operations for a reconciliation of the non-GAAP net income to the GAAP net income.

Cash provided by operations was \$134.4 million for the quarter, compared to cash provided by operations of \$72.8 million for the same period last year. Capital expenditures and depreciation during the quarter were approximately \$22.5 million and \$11.7 million, respectively.

“We are once again pleased with the results behind a solid quarter of growth in both our financial metrics as well as our marketplace progress,” said Scott Kriens, chairman and CEO of Juniper Networks. “The themes behind our success remain the same – innovation, focus, execution – all of which makes the delivery of our continued growth possible and expands our leadership presence in the industry”.

Juniper Networks is focusing on leveraging its traffic processing expertise to deliver secure and assured networking to help our customers in numerous ways and across different geographies.

- Juniper Networks is enabling its service provider customers to enhance their businesses through the delivery of higher-margin content and network-based services. With the recently announced acquisition of Kagoor Networks the company is extending the value offered to these customers, allowing them to deliver rich services such as Voice-over-IP with security and assurance.
- An increasing number of service providers worldwide are offering both network and customer premise equipment (CPE) -based managed SSL VPN services based on our market leading products. These solutions enable them to deliver flexibility, security, and performance assurances to their customers across a range of operating environments and usage conditions.
- Juniper Networks is delivering solutions to secure intranets and extranets by rebuilding trust in the network. This includes enabling customers to identify and address not only who is on the network, and what device they are using, but also what they are trying to do on the network.
- In addition, Juniper Networks is seeing the robustness and quality of the portfolio extending into the enterprise through our J-series and M-series platforms. These platforms are being deployed by service providers, either as managed CPE offerings to upgrade premium managed services and deliver end-to-end quality of service, or by large distributed enterprises for whom centralized management, MPLS and robust software are key in supporting their mission critical business functions.

Juniper Networks will host a conference call web cast today, April 19, 2005 at 1:45 p.m. (Pacific Time), to be broadcasted live

over the Internet <http://www.juniper.net/company/investor/conferencecall.html>. The conference call will be archived on the Juniper Networks website until May 19, 2005. A replay will be accessible by telephone after 3:00 p.m. Pacific Time through April 26th, 2005 by dialing 800-633-8284 (or 402-977-9140), reservation number, 21238298. The replays will be available 24 hours/day, including weekends.

## About Juniper Networks, Inc.

Juniper Networks is the leader in enabling secure and assured communications over a single IP network. The company's purpose-built, high performance IP platforms enable customers to support many different services and applications at scale. Service providers, enterprises, governments and research and education institutions worldwide rely on Juniper Networks to deliver products for building networks that are tailored to the specific needs of their users, services and applications. Juniper Networks' portfolio of proven networking and security solutions supports the complex scale, security and performance requirements of the world's most demanding networks. Additional information can be found at [www.juniper.net](http://www.juniper.net).

*Juniper Networks, the Juniper Networks logo, NetScreen, NetScreen Technologies, the NetScreen logo, NetScreen-Global Pro, ScreenOS, and GigaScreen are registered trademarks of Juniper Networks, Inc. in the United States and other countries.*

Statements in this release concerning Juniper Networks' business outlook, future financial and operating results, and overall future prospects are forward looking statements that involve a number of uncertainties and risks. Actual results could differ materially from those anticipated in those forward-looking statements as a result of certain factors, including: general economic conditions globally or regionally; business and economic conditions in the networking industry; changes in overall technology spending; the network capacity requirements of communication service providers; increases in competition; the timing of orders and their fulfillment; availability and cost of key parts and supplies; ability to establish and maintain relationships with distributors and resellers; variations in the expected mix of products sold; changes in customer mix; customer and industry analyst perceptions of Juniper Networks and its technology, products and future prospects; delays in scheduled product availability; market acceptance of our products and services; rapid technological and market change; adoption of regulations or standards affecting our products, services or industry; the ability to successfully acquire, integrate and manage businesses and technologies; product defects, returns or vulnerabilities; the ability to recruit and retain key personnel; currency fluctuations; litigation; and other factors listed in our most recent report on Form 10-K filed with the Securities and Exchange Commission. All statements made in this press release are made only as of the date set forth at the beginning of this release. Juniper Networks undertakes no obligation to update the information in this release in the event facts or circumstances subsequently change after the date of this press release.

### Juniper Networks, Inc. Condensed Consolidated Balance Sheets (in thousands)

|   | March 31, 2005 | December 31, 2004 |
|---|----------------|-------------------|
| <b>ASSETS</b>   |                |                   |
| Current assets:   |                |                   |
| Cash and cash equivalents                                   | \$ 819,548     | \$ 713,182        |
| Short-term investments                                      | 435,301        | 404,659           |
| Accounts receivable, net                                    | 184,789        | 187,306           |
| Prepaid expenses and other current assets                   | 114,962        | 108,586           |
| Total current assets  | 1,554,600      | 1,413,733         |
| Property and equipment, net                                 | 286,438        | 275,612           |
| Long-term investments                                       | 603,655        | 595,234           |
| Restricted cash   | 31,299         | 31,226            |
| Goodwill  | 4,433,530      | 4,427,930         |
| Purchased intangible assets, net and other long-term assets | 251,668        | 255,979           |
| Total assets  | \$7,161,190    | \$6,999,714       |
| <b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>                 |                |                   |
| Current liabilities:  |                |                   |
| Accounts payable  | \$ 106,723     | \$ 113,890        |
| Other accrued liabilities                                   | 211,201        | 229,197           |
| Deferred revenue  | 197,860        | 159,750           |
| Total current liabilities                                   | 515,784        | 502,837           |
| Deferred revenue, net of current portion                    | 31,339         | 22,700            |
| Convertible senior notes and other long-term liabilities    | 479,111        | 481,440           |
| Commitments and contingencies                               |                |                   |
| Stockholders' equity:                                       |                |                   |
| Common stock and additional paid-in capital                 | 5,948,635      | 5,888,220         |
| Deferred stock compensation                                 | (21,084)       | (32,394)          |
| Accumulated other comprehensive loss                        | (5,657)        | (716)             |
| Retained earnings   | 213,062        | 137,627           |
| Total stockholders' equity                                  | 6,134,956      | 5,992,737         |

Total liabilities and stockholders' equity

\$7,161,190

\$6,999,714

**Juniper Networks, Inc.**  
**Condensed Consolidated Statements of Operations**  
(in thousands, except per share amounts)

|   | Three months ended March 31, |           |
|---|------------------------------|-----------|
|   | 2005                         | 2004      |
| Net revenues:   |                              |           |
| Product <sup>(1)</sup>  | \$392,280                    | \$194,184 |
| Service   | 56,832                       | 29,869    |
| Total net revenues  | 449,112                      | 224,053   |
| Cost of revenues:   |                              |           |
| Product   | 112,480                      | 56,565    |
| Service   | 30,715                       | 17,454    |
| Total cost of revenues  | 143,195                      | 74,019    |
| Gross profit  | 305,917                      | 150,034   |
| Operating expenses:   |                              |           |
| Research and development  | 76,128                       | 46,630    |
| Sales and marketing   | 91,428                       | 43,540    |
| General and administrative  | 15,467                       | 8,865     |
| Amortization of purchased intangible assets and deferred stock compensation | 21,964                       | 4,129     |
| Total operating expenses  | 204,987                      | 103,164   |
| Operating income  | 100,930                      | 46,870    |
| Interest and other income   | 10,661                       | 4,986     |
| Interest expense  | (363)                        | (2,500)   |
| Income before income taxes  | 111,228                      | 49,356    |
| Provision for income taxes  | 35,793                       | 15,816    |
| Net income  | \$ 75,435                    | \$ 33,540 |
| Net income per share:   |                              |           |
| Basic   | \$ 0.14                      | \$ 0.09   |
| Diluted*  | \$ 0.13                      | \$ 0.08   |
| Shares used in computing net income per share:                              |                              |           |
| Basic   | 542,651                      | 394,496   |
| Diluted*  | 587,659                      | 441,719   |

<sup>(1)</sup> Product net revenues are generated from groups of similar products as follows:

|                |           |           |
|----------------|-----------|-----------|
| Infrastructure | \$304,131 | \$194,184 |
| Security       | 88,149    | —         |
| Total          | \$392,280 | \$194,184 |

\*2004 amounts have been restated to include shares issuable upon conversion of the Zero Coupon Convertible Senior Notes due June 15, 2008

**Juniper Networks, Inc.**  
**Non-GAAP Condensed Consolidated Statements of Operations <sup>(1)</sup>**  
(in thousands, except per share amounts)

|                        | Three months ended March 31, |           |
|------------------------|------------------------------|-----------|
|                        | 2005                         | 2004      |
| Net revenues:          |                              |           |
| Product                | \$392,280                    | \$194,184 |
| Service                | 56,832                       | 29,869    |
| Total net revenues     | 449,112                      | 224,053   |
| Cost of revenues:      |                              |           |
| Product                | 112,480                      | 56,565    |
| Service                | 30,715                       | 17,454    |
| Total cost of revenues | 143,195                      | 74,019    |
| Gross margin           | 305,917                      | 150,034   |



|  |           |           |
|--|-----------|-----------|
| Operating expenses:                            |           |           |
| Research and development                       | 76,128    | 46,630    |
| Sales and marketing                            | 91,428    | 43,540    |
| General and administrative                     | 15,467    | 8,865     |
| Total operating expenses                       | 183,023   | 99,035    |
| Operating income                               | 122,894   | 50,999    |
| Interest and other income                      | 10,661    | 4,986     |
| Interest expense                               | (363)     | (2,500)   |
| Income before income taxes                     | 133,192   | 53,485    |
| Provision for income taxes                     | 41,290    | 17,115    |
| Net income                                     | \$ 91,902 | \$ 36,370 |
| Net income per share:                          |           |           |
| Basic  | \$ 0.17   | \$ 0.09   |
| Diluted*                                       | \$ 0.16   | \$ 0.08   |
| Shares used in computing net income per share: |           |           |
| Basic  | 542,651   | 394,496   |
| Diluted*                                       | 587,659   | 441,719   |

\*2004 amounts have been restated to include shares issuable upon conversion of the Zero Coupon Convertible Senior Notes due June 15, 2008

(1) The non-GAAP statements exclude the amortization of purchased intangibles and deferred stock compensation. See reconciliation to GAAP information below:

|   | Three months ended March 31, |          |
|---|------------------------------|----------|
|   | 2005                         | 2004     |
| Non-GAAP net income   | \$ 91,902                    | \$36,370 |
| Amortization of purchased intangible assets and deferred stock compensation | (21,964)                     | (4,129)  |
| Income tax effect   | 5,497                        | 1,299    |
| Net income  | \$ 75,435                    | \$33,540 |

**Juniper Networks, Inc.**  
**Condensed Consolidated Statements of Cash Flows**  
(in thousands)

|  | Three months ended March 31, |            |
|--|------------------------------|------------|
|  | 2005                         | 2004       |
| <b>Operating Activities:</b>   |                              |            |
| Net income   | \$ 75,435                    | \$ 33,540  |
| Adjustments to reconcile net income to net cash from operating activities:                 |                              |            |
| Depreciation   | 11,735                       | 8,603      |
| Amortization of purchased intangibles, deferred stock compensation and debt issuance costs | 22,327                       | 4,599      |
| Tax benefit of employee stock option plans   | 28,910                       | —          |
| Changes in operating assets and liabilities:   |                              |            |
| Accounts receivable  | 2,517                        | (9,478)    |
| Prepaid expenses, other current assets and other long-term assets                          | (19,601)                     | 5,915      |
| Accounts payable   | (7,167)                      | 3,992      |
| Other accrued liabilities  | (26,516)                     | 586        |
| Deferred revenue   | 46,749                       | 25,008     |
| Net cash provided by operating activities  | 134,389                      | 72,765     |
| <b>Investing Activities:</b>   |                              |            |
| Purchases of property and equipment, net   | (22,549)                     | (7,612)    |
| Purchases of available-for-sale investments  | (235,235)                    | (120,615)  |
| Maturities and sales of available-for-sale investments                                     | 191,422                      | 78,355     |
| Decrease in restricted cash  | (73)                         | 2          |
| Minority equity investments  | (968)                        | (1,090)    |
| Net cash used in investing activities  | (67,403)                     | (50,960)   |
| <b>Financing Activities:</b>   |                              |            |
| Proceeds from issuance of common stock   | 39,380                       | 41,083     |
| Net cash provided by financing activities  | 39,380                       | 41,083     |
| Net increase in cash and cash equivalents  | 106,366                      | 62,888     |
| Cash and cash equivalents at beginning of period   | 713,182                      | 365,606    |
| Cash and cash equivalents at end of period   | \$ 819,548                   | \$ 428,494 |

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**End of Filing**

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